Downgrading of India's Sovereign Credit Rating

1006. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether the international credit rating agency Standard and Poor has downgraded India's sovereign credit rating to Double-B from Double-13 plus;

(b) if so, what is its effect on our economy; and;

(c) the steps taken by Government to check the adverse impact due to downgrading?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) Yes Sir. M/s. Standard & Poor's has downgraded India's soverign credit rating to BB (Double-B) from BB+ (Double-B plus).

(b) Credit rating is one of the several parameters which go into investment decision of the foreign investors.

(c) Government policies are directed to enhance the investment flow as well as credit rating of the sovereign.

Attractive Package for Foreign Investors

1007. SHRI K. M. KHAN:Will the Minister of FINANCE be pleased to state:

(a) whether Government have offered some attractive package for foreign investors including NRIs in recent past;

(b) if so, the details thereof with circumstances responsible for such an offer;

(c) whether some objectives are to be achieved from these offers;

(d) whether Government have drawn up any programme to utilise part of such investment in Andhra Pradesh for development of infrastructure of the State; and

(e) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA); (a) to (e) Government as part of the ongoing liberalisation process, have taken several measures to encourage NRI investment in the Indian Companies. Some of the recent initiatives include enhancement of the portfolio investment ceiling for NRIs, simplification of approval mechanism for investments through capital market Liberalisation of norms of NRI investment in the health services etc. To address the economic challenges arising out of sanctions, a specialised Bond Scheme named 'Resurgent India Bonds' with a tenure of 5 years was floated by the State Bank of India for subscription exclusively by NRIs and OCBs. An amount of US$ 4.16 Billion has been mobilised, which is primarily intended for financing the infrastructure projects throughout the country.

Trends in Wholesale Price Index

1008. MISS SAROJ KHAPARDE: Will the Minister of FINANCE be pleased to state:

(a) the trends in the wholesale price index vis-a-vis Consumer Price Index during the last six months, month-wise;

(b) how they compare with those prevailing in 1996 and 1997;

(c) the reasons for rise in prices; and

(d) the details of measures taken by Government to control the rise in prices?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) and (b) The price trends during the six month period May—October for the years 1996, 1997 and 1998 is listed below:

	Annual % Increase in WPI			Annual % Increase in CPI		
	1996	1997	1998	1996	1997	1998
May	4.5	5.8	6.6	9.3	7.3	10.5
Jun	4.5	5.7	7.5	8.8	6.6	12.4
July	6.0	4.0	8.3	8.3	5.6	14.8